

**VILLAGE OF CLINTON, MICHIGAN**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2008**  
**WITH**  
**INDEPENDENT AUDITORS' REPORT**

## Auditing Procedures Report

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Issued under Public Act 2 of 1968, as amended.

Unit Name Village of Clinton	County LENAWEE	Type VILLAGE	MuniCode
Opinion Date June 25, 2008	Audit Submitted June 30, 2008	Fiscal Year MARCH 31, 2008	

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

**Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".**

- ☒ 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
- ☒ 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
- ☒ 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
- ☒ 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
- ☒ 5. Did the local unit adopt a budget for all required funds?
- ☒ 6. Was a public hearing on the budget held in accordance with State statute?
- ☒ 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
- ☒ 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
- ☒ 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
- ☒ 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
- ☒ 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
- ☒ 12. Is the local unit free of repeated reported deficiencies from previous years?
- ☒ 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
- ☒ 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
- ☒ 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
- ☒ 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
- ☒ 18. Are there reported deficiencies? ☒ 19. If so, was it attached to the audit report?

General Fund Revenue:	\$1,048,484
General Fund Expenditure:	\$1,102,434
Major Fund Deficit Amount:	\$0.00

General Fund Balance:	\$558,630
Governmental Activities Long-Term Debt (see instructions):	\$424,000

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

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**VILLAGE OF CLINTON, MICHIGAN**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Year Ended March 31, 2008**  
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**VILLAGE OF CLINTON, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Year Ended March 31, 2008**

As management of the Village of Clinton, Michigan, we offer readers of the Village of Clinton, Michigan's financial statements this narrative overview and analysis of the financial activities of the Village of Clinton, Michigan for the fiscal year ended March 31, 2008. We encourage readers to consider the information presented here.

**Financial Highlights**

- ◆ The assets of the Village of Clinton, Michigan exceeded its liabilities at the close of the most recent fiscal year \$14,095,952 (*net assets*). Of this amount, \$1,939,592 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ The government's total net assets increased \$637,024. This increase included \$450,000 in bequests received from the John F. Robison Estate.
- ◆ As of the close of the current year, the Village of Clinton, Michigan's governmental funds reported combined ending fund balances of \$4,524,908, an increase of \$456,303 in comparison with the prior year.
- ◆ At the end of the current year, unreserved fund balance for the general fund was \$558,630, or 51% percent of total general fund expenditures.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Village of Clinton, Michigan's basic financial statements. The Village of Clinton, Michigan's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Village of Clinton, Michigan's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Village of Clinton, Michigan's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village of Clinton, Michigan is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the Village of Clinton, Michigan that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village of Clinton, Michigan include general government, public safety, highways and streets, sanitation, and culture and recreation. The business-type activities of the Village of Clinton, Michigan include the utility systems.

The government-wide financial statements include not only the Village of Clinton, Michigan itself (known as the *primary government*), but also a legally separate Downtown Development Authority (DDA) for which the Village of Clinton, Michigan is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 3 – 6 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Clinton, Michigan, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Clinton, Michigan can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village of Clinton, Michigan maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects fund, and permanent funds, which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Village of Clinton, Michigan adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for all governmental funds (except the permanent funds) to demonstrate compliance with budget.

The basic governmental fund financial statements can be found on pages 7 – 13 of this report.

**Proprietary funds.** The Village of Clinton, Michigan maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village of Clinton, Michigan uses enterprise funds to account for its electric, water, and sewer funds. The *Internal service fund* is an accounting device used to accumulate and allocate costs internally among the Village of Clinton, Michigan's various functions. The Village of Clinton, Michigan uses an internal service fund to account for equipment and charge out expense (Equipment Fund). Because this service predominantly benefits governmental rather than a business-type function it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Electric, Water, and Sewer Funds, which are considered to be major funds of the Village of Clinton, Michigan. The internal service fund (Equipment Fund) is in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 14 – 18 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 – 42 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following notes to the financing statements. Combining statements and individual fund schedules can be found on pages 43 – 50 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Village of Clinton, Michigan, assets exceeded liabilities by \$14,095,952 at the close of the most recent fiscal year.

By far the largest portion of the Village of Clinton, Michigan's net assets (46 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, infrastructure), less any related debt used to acquire those assets that is still outstanding. The Village of Clinton, Michigan uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village of Clinton, Michigan's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Village of Clinton, Michigan's Net Assets

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>2008 Total</u>	<u>2007 Total</u>
Current and other assets	\$ 4,662,272	\$ 3,188,438	\$ 7,850,710	\$ 7,150,764
Capital assets	<u>2,986,571</u>	<u>7,642,736</u>	<u>10,629,307</u>	<u>10,960,183</u>
Total assets	<u>\$ 7,648,843</u>	<u>\$ 10,831,174</u>	<u>\$ 18,480,017</u>	<u>\$ 18,110,947</u>
Long term liabilities outstanding	480,990	3,655,000	4,135,990	4,079,000
Other liabilities	<u>97,497</u>	<u>150,578</u>	<u>248,075</u>	<u>573,019</u>
Total liabilities	<u>\$ 578,487</u>	<u>\$ 3,805,578</u>	<u>\$ 4,384,065</u>	<u>\$ 4,652,019</u>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	2,562,571	3,987,736	6,550,307	6,678,183
Restricted	3,966,278	1,639,775	5,606,053	4,688,609
Unrestricted	<u>541,507</u>	<u>1,398,085</u>	<u>1,939,592</u>	<u>2,092,136</u>
Total net assets	<u>\$ 7,070,356</u>	<u>\$ 7,025,596</u>	<u>\$ 14,095,952</u>	<u>\$ 13,458,928</u>

An additional portion of the Village of Clinton, Michigan's net assets (40 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$1,939,592) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Village of Clinton, Michigan is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

### Financial Analysis of the Government's Funds

As noted earlier, the Village of Clinton, Michigan uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Village of Clinton, Michigan's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village of Clinton, Michigan's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of this fiscal year.

As of the end of the current fiscal year, the Village of Clinton, Michigan's governmental funds reported combined ending fund balances of \$4,524,908, an increase of \$456,303 in comparison with the prior year. Reserved fund balance (\$3,627,969) is not available for new spending since it already is committed. Permanent (Trusts) fund money (\$3,445,991) represent most of the reserved fund balance. Special Revenue Funds have \$149,721 available for their special uses.

The general fund is the chief operating fund of the Village of Clinton, Michigan. At the end of the current fiscal year, unreserved fund balance of the general fund was \$558,630.

The fund balance of the Village of Clinton, Michigan's general fund decreased by \$(40,950) during the current fiscal year.

**Proprietary fund** - The Village of Clinton, Michigan's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the utility funds at the end of the year amounted to \$1,398,085. The total increase in net assets for the fund was \$113,016.

### **Budgetary Highlights**

- The General Fund transfer from fund balance was \$42,000 higher than budgeted to cover expenditures. Four of those increases were from \$11,000 in Legal Counsel related to the Woolen Mill legal matters; \$10,000 in the Police Department Salaries from increased activities; \$5,000 in the Building and Grounds wages; and \$5,000 in Professional Services for the Planning Commission.
- The transfer from Major Road Fund Balance was \$29,000 more than budgeted to cover the \$23,000 transfer to Local Streets and increased expenditures.
- Local Streets expenditures were higher from \$12,200 for reconstruction of Fisk Court, and \$10,000 for preventative maintenance.
- Smith-Kimball Community Center made budget amendments to undertake a major building improvement project. The adjustments included transferring \$81,000 from the Robison Trust, and spending \$74,000 for Capital Outlay, and \$7,000 for debt service.
- The Electric Fund transferred an additional \$25,000 from Fund Balance to cover \$10,000 in Distribution System Salaries and \$15,000 in Capital Outlay.
- The Sewer Fund Bond Proceeds related to the new sewer plant were scheduled to be part of last fiscal year. The 2007-08 Budget reflects revenue of \$69,000 from bond proceeds and \$46,000 from Fund Balance to cover the final plant project payment of \$94,000 and additional bond debt service of \$40,000.

### **Capital Asset and Debt Administration**

**Capital assets.** The Village of Clinton, Michigan's investment in capital assets for its governmental and business-type activities as of March 31, 2008, amounts to \$10,629,307 (net of accumulated depreciation). This investment in capital assets includes land, buildings and utility systems, machinery and equipment, roads, and other infrastructure. The total increase in the Village of Clinton, Michigan's investment in capital assets for the current fiscal year was (2.7).

Major capital asset event during the current fiscal year was:

♦	Restoration costs at Community Center	\$114,073.
	New Pedestrian Bridge	\$105,543.



### Village of Clinton, Michigan's Capital Assets

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 285,152	\$ 30,644	\$ 315,796
Land improvements	328,866		328,866
Buildings	533,085		533,085
Equipment and furnishings	494,390		494,390
Infrastructure	1,345,078		1,345,078
Construction in progress		<u>7,612,092</u>	<u>7,612,092</u>
Total	<u>\$ 2,986,571</u>	<u>\$ 7,642,736</u>	<u>\$ 10,629,307</u>

Additional information on the Village of Clinton's capital assets can be found in Note 3. C. on pages 30 – 31.

**Long-term debt.** At the end of the current fiscal year, the Village of Clinton, Michigan had total bonded and note debt outstanding of \$4,173,000 which is backed by the full faith and credit of the government.

### Village of Clinton, Michigan's Outstanding Debt General Obligation Bonds

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>DDA</u>	<u>Total</u>
General obligation bonds	\$ 345,000	\$	\$ 60,000	\$ 405,000
Revenue Bonds		3,655,000		3,655,000
Installment Purchase Loans	<u>79,000</u>		<u>34,000</u>	<u>113,000</u>
Total	<u>\$ 424,000</u>	<u>\$ 3,655,000</u>	<u>\$ 94,000</u>	<u>\$ 4,173,000</u>

Additional information on the Village of Clinton, Michigan's long-term debt can be found in Note 3. E. on pages 33 – 35 of this report.

### Economic Factors and Next Year's Budgets and Rates

The Village is concerned about the poor economic environment in the State of Michigan and the possible negative ramifications on the 2008-09 Budget. As a result the Village took a slightly conservative position with projected revenues and expenditures. The General Fund tax revenues are budgeted down 1 percent and State Revenue Sharing down 9 percent. Sewer Fund Sales are shown down over 9 percent and Water Fund sales are budgeted down 2 percent.

### **Requests for Information**

This financial report is designed to provide a general overview of the Village of Clinton, Michigan's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village of Clinton, 119 East Michigan Avenue, P.O. Box Drawer E, Clinton, Michigan 49236.

June 25, 2008

### INDEPENDENT AUDITORS' REPORT

Village Council  
Village of Clinton  
Clinton, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Clinton, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Clinton, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Clinton, Michigan, as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages i through vii are a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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June 25, 2008

Village Council  
Village of Clinton  
Clinton, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Clinton, Michigan's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Robertson, Eaton & Owen, P.C.***

VILLAGE OF CLINTON, MICHIGAN

STATEMENT OF NET ASSETS

March 31, 2008

With Comparative Totals for March 31, 2007

	PRIMARY GOVERNMENT			COMPONENT UNIT
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
<b>ASSETS</b>				
Cash	\$ 612,568	\$ 367,627	\$ 980,195	\$ 149,875
Investments	3,842,099	948,243	4,790,342	
Receivables (net of allowance for uncollectibles):				
Accounts	88,095	345,149	433,244	
Prepaid expenses	21,510	19,207	40,717	1,128
Internal balances -- Advances	98,000	(98,000)	-	42,936
Due from primary government				
Inventories		52,551	52,551	2,963
<b>Restricted assets:</b>				
Cash		25,106	25,106	
Investments in joint venture		1,528,555	1,528,555	
<b>Capital assets:</b>				
Land	285,152	30,644	315,796	
Land improvements	569,864		569,864	456,815
Machinery; equipment; and furnishings	1,704,850	1,250,340	2,955,190	2,921,705
Buildings	1,316,023	6,403,736	7,719,759	7,605,686
Infrastructure	4,213,169	3,499,771	7,712,940	7,571,164
Less: Accumulated depreciation	(5,102,487)	(3,541,755)	(8,644,242)	(109,354)
<b>Total assets</b>	<b>\$ 7,648,843</b>	<b>\$ 10,831,174</b>	<b>\$ 18,480,017</b>	<b>\$ 501,427</b>

	PRIMARY GOVERNMENT			COMPONENT UNIT	
	Governmental Activities	Business-Type Activities	Total	2008	2007
<b>LIABILITIES</b>					
Accounts payable	\$ 40,550	\$ 10,577	\$	\$ 51,127	\$ 131,207
Accrued liabilities	13,944	17,459		31,403	39,622
Liabilities payable from restricted assets		25,106		25,106	21,420
Due to component unit	2,963			2,963	2,963
Interest payable	7,772			7,772	8,275
Accrued sick and vacation pay – current	32,268	97,436		129,704	114,675
<b>Noncurrent liabilities:</b>					
Due within one year	85,990	175,000		260,990	254,857
Due in more than one year	395,000	3,480,000		3,875,000	4,079,000
<b>Total liabilities</b>	<b>578,487</b>	<b>3,805,578</b>		<b>4,384,065</b>	<b>4,652,019</b>
<b>NET ASSETS:</b>					
Invested in capital assets, net of related debt	2,562,571	3,987,736		6,550,307	6,678,183
<b>Restricted for:</b>					
Investment in joint venture (Note 7)		1,528,555		1,528,555	1,137,810
Water Treatment Plant		111,220		111,220	95,091
Highways and streets	124,371			124,371	129,416
Public safety	51,820			51,820	52,315
Culture and recreation	3,345			3,345	82,646
Debt Service	163			163	161
Permanent Funds:					
Expendable	2,037,359			2,037,359	1,604,062
Nonexpendable	1,749,220			1,749,220	1,587,108
Unrestricted	541,507	1,398,085		1,939,592	2,092,136
<b>Total net assets</b>	<b>\$ 7,070,356</b>	<b>\$ 7,025,596</b>		<b>\$ 14,095,952</b>	<b>\$ 13,458,928</b>
					<b>\$ 407,427</b>

VILLAGE OF CLINTON, MICHIGAN

STATEMENT OF ACTIVITIES

For the Year Ended March 31, 2008  
With Comparative Totals for the Year Ended March 31, 2007

PROGRAM REVENUES

	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	<u>Capital Grants And Contributions</u>
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
<b>Governmental activities:</b>				
General government	\$ 369,809	\$	\$	\$
Public safety	678,428	258,520		
Culture and recreation	284,675	18,096		
Sanitation	92,643	91,568		
Highways and streets	348,469			
Interest on long term debt	<u>13,838</u>			
Total governmental activities	<u>1,787,862</u>	<u>368,184</u>		
<b>Business-Type Activities:</b>				
Electric Fund	2,859,427	2,611,788		
Water Fund	179,690	172,082		
Sewer Fund	<u>677,830</u>	<u>585,739</u>		
Total business-type activities	<u>3,716,947</u>	<u>3,369,609</u>	-	-
Total primary government	<u>\$ 5,504,809</u>	<u>\$ 3,737,793</u>	<u>\$</u>	<u>\$</u>
<b>Component Unit:</b>				
Downtown Development Authority	\$ 15,428	\$	\$	\$
Interest on long term debt	<u>4,370</u>			
Total component unit	<u>\$ 19,798</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>General Revenues:</b>				
Property taxes				
Intergovernmental – State				
Licenses, fees, and fines				
Contributions				
Investment earnings				
Miscellaneous revenues				
Transfer From Component Unit				
Total general revenues and transfers				
Change in net assets				
Net assets – beginning of year				
Capitalize Streetscape costs				
Net assets – end of year				

**NET (EXPENSE) REVENUE AND  
CHANGES IN NET ASSETS**

<b>PRIMARY GOVERNMENT</b>				<b>COMPONENT UNIT</b>
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>2008</b>	<b>Total 2007</b>	<b>Downtown Development Authority</b>
		0		
\$ (369,809)	\$	\$ (369,809)	\$ (515,622)	\$
(419,908)		(419,908)	(325,287)	
(266,579)		(266,579)	(136,072)	
(1,075)		(1,075)	(1,051)	
(348,469)		(348,469)	(336,129)	
<u>(13,838)</u>		<u>(13,838)</u>	<u>(12,571)</u>	
<u>(1,419,678)</u>	<u>-</u>	<u>(1,419,678)</u>	<u>(1,326,732)</u>	<u>-</u>
	(247,639)	(247,639)	7,270	
	(7,608)	(7,608)	(62,161)	
	<u>(92,091)</u>	<u>(92,091)</u>	<u>(71,186)</u>	
<u>-</u>	<u>(347,338)</u>	<u>(347,338)</u>	<u>(126,077)</u>	<u>-</u>
<u>\$</u>	<u>\$ (347,338)</u>	<u>\$ (1,767,016)</u>	<u>\$ (1,452,809)</u>	<u>\$ -</u>
				(15,428)
<u>-</u>				<u>(4,370)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>	<u>\$</u>	<u>\$ (19,798)</u>
665,380		665,380	641,697	92,473
358,574		358,574	354,330	
			10,260	
450,000		450,000	400,000	
276,216	69,609	345,825	268,458	3,767
159,676	390,745	550,421	282,710	
<u>33,840</u>		<u>33,840</u>	<u>29,400</u>	<u>(33,840)</u>
<u>1,943,686</u>	<u>460,354</u>	<u>2,404,040</u>	<u>1,986,855</u>	<u>62,400</u>
524,008	113,016	637,024	534,046	42,602
6,546,348	6,912,580	13,458,928	13,112,697	364,825
			<u>(187,815)</u>	
<u>\$ 7,070,356</u>	<u>\$ 7,025,596</u>	<u>\$ 14,095,952</u>	<u>\$ 13,458,928</u>	<u>\$ 407,427</u>



VILLAGE OF CLINTON, MICHIGAN

BALANCE SHEET

GOVERNMENTAL FUNDS

March 31, 2008  
With Comparative Totals for March 31, 2007

ASSETS	PERMANENT FUNDS					Other Governmental Funds	Total Governmental Funds	
	General	Fire	Village of Clinton Robison Trust	John F. Robison Tate Park	2008		2007	
Cash	\$ 373,257	\$ 33,612	\$	\$	\$ 149,875	\$ 556,744	\$ 614,011	
Investments	177,704	29,816	1,785,808	1,848,771		\$ 3,842,099	3,341,254	
Receivables:								
Accounts	67,075	937			19,866	87,878	59,760	
Due from other funds					13,569	13,569	66,964	
Advance to other funds			152,000			152,000	112,000	
Prepaid expense	13,239	6,258			2,013	21,510	23,729	
Total assets	\$ 631,275	\$ 70,623	\$ 1,937,808	\$ 1,848,771	\$ 185,323	\$ 4,673,800	\$ 4,217,718	

LIABILITIES AND FUND BALANCES

<b>Liabilities:</b>									
Accounts payable	15,662	18,803			1,175	35,640	26,410		
Accrued liabilities	8,375				2,077	10,452	9,194		
Due to other funds	13,377				192	13,569	66,964		
Due to component unit	2,963					2,963	2,963		
Advance from other funds					54,000	54,000			
Accrued sick and vacation pay	32,268					32,268	28,857		
Deferred revenue							14,725		
Total liabilities	<u>72,645</u>	<u>18,803</u>	<u>-</u>	<u>-</u>	<u>57,444</u>	<u>148,892</u>	<u>149,113</u>		
<b>Fund Balances:</b>									
Reserved For:									
Debt service					163	163	161		
Advances			152,000			152,000	112,000		
Endowment			1,597,220			1,597,220	1,372,220		
Tate Park				1,848,771		1,848,771	1,587,108		
Fire Department Vehicles		29,815				29,815	29,099		
Unreserved, Reported In:									
General Fund	558,630				127,716	558,630	599,580		
Special Revenue Funds		22,005				149,721	248,595		
Permanent Funds			188,588			188,588	119,842		
Total fund balances	<u>558,630</u>	<u>51,820</u>	<u>1,937,808</u>	<u>1,849,771</u>	<u>127,879</u>	<u>4,524,908</u>	<u>4,068,605</u>		
Total liabilities and fund balances	<u>\$ 631,275</u>	<u>\$ 70,623</u>	<u>\$ 1,937,808</u>	<u>\$ 1,849,771</u>	<u>\$ 185,323</u>	<u>\$ 4,673,800</u>	<u>\$ 4,217,718</u>		

The notes to the financial statements are an integral part of this statement.

VILLAGE OF CLINTON, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS

March 31, 2008

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	\$ 2,986,571
Accrued interest payable on long term debt is recognized in governmental funds when paid and not when accrued.	(7,772)
Long-term portion of accrued sick and vacation pay liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(56,990)
Loan indebtedness are recognized in the governmental funds when paid and not when accrued.	(424,000)
Internal Service Fund (Equipment Fund) is used by the Village to charge for equipment rental to individual funds. The assets and liabilities of the Equipment Fund are included in governmental activities in the Statement of Net Assets. Note: The net capital assets (\$174,429) of the Equipment Fund are included in the Capital Asset figure above (\$2,986,571), and not in this adjustment.	47,639
Net differences	2,545,448
Total fund balance in governmental funds	4,524,908
Total net assets of governmental activities	<u>\$ 7,070,356</u>

VILLAGE OF CLINTON, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended March 31, 2008  
With Comparative Totals for the Year Ended March 31, 2007

	PERMANENT FUNDS					Total	
	General	Fire	Village of Clinton	John F. Robison Tate Park	Other Governmental Funds	2008	2007
<b>Revenues:</b>							
Property taxes	\$ 611,160	\$	\$	\$	\$ 54,220	\$ 665,380	\$ 641,697
Intergovernmental revenues	213,129				145,445	358,574	431,952
Licenses, fees and charges for services	150,416				7,636	158,052	137,337
Rentals	15,728				6,065	21,793	20,923
Interest	30,049	8,943	73,947	75,759	7,767	196,465	169,944
Other	28,002	11,026			73	39,101	38,033
Townships		210,132				210,132	204,970
Contributions			225,000	225,000		450,000	400,000
Realized gain (loss) on investment			202	452		654	(4,400)
Unrealized gain (loss) on investment			38,689	38,513		77,202	33,974
Total revenues	<u>1,048,484</u>	<u>230,101</u>	<u>337,838</u>	<u>339,724</u>	<u>221,206</u>	<u>2,177,353</u>	<u>2,074,430</u>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	336,728			4,061		344,881	422,539
Public safety	435,683		4,092			666,279	681,088
Culture and recreation	196,960	230,596			160,646	357,606	165,747
Sanitation	92,643					92,643	87,340
Highways and streets	40,420				219,223	259,643	228,920
<b>Debt Service:</b>							
Principal					20,000	20,000	15,000
Interest					13,838	13,838	14,390
Total expenditures	<u>1,102,434</u>	<u>230,596</u>	<u>4,092</u>	<u>4,061</u>	<u>413,707</u>	<u>1,754,890</u>	<u>1,615,024</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(53,950)</u>	<u>(495)</u>	<u>333,746</u>	<u>335,663</u>	<u>(192,501)</u>	<u>422,463</u>	<u>459,406</u>
<b>Other financing sources (uses):</b>							
Transfers in	74,000				117,840	191,840	165,527
Transfers out	(61,000)			(74,000)	(23,000)	(158,000)	(181,049)
Total other financing sources (uses)	<u>13,000</u>	<u>-</u>	<u></u>	<u>(74,000)</u>	<u>94,840</u>	<u>33,840</u>	<u>(15,522)</u>
Net change in fund balances	<u>(40,950)</u>	<u>(495)</u>	<u>333,746</u>	<u>261,663</u>	<u>(97,661)</u>	<u>456,303</u>	<u>443,884</u>
Fund balances at beginning of year	<u>599,580</u>	<u>52,315</u>	<u>1,604,062</u>	<u>1,587,108</u>	<u>225,540</u>	<u>4,068,605</u>	<u>3,624,721</u>
Fund balances at end of year	<u>\$ 558,630</u>	<u>\$ 51,820</u>	<u>\$ 1,937,808</u>	<u>\$ 1,848,771</u>	<u>\$ 127,879</u>	<u>\$ 4,524,908</u>	<u>\$ 4,068,605</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF CLINTON, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

For the Year Ended March 31, 2008

Amounts reported for governmental activities in the Statement of  
Activities are different because:

Net change in fund balance – total governmental funds	\$	456,303
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Government funds report capital outlays as expenditures. However,  
in the Statement of Activities, the cost of those assets is allocated  
over their estimated useful lives and reported as depreciation  
expense. This is the amount by which depreciation was less than  
capital outlay in the current period. (Total capital outlay \$279,696  
less total depreciation \$207,866).

71,830

**Note:** Capital outlay does not include Equipment Fund capital  
asset additions or its depreciation.

This issuance of long-term debt (e.g. bonds) provides current  
financial resources to governmental funds, while the repayment  
of the principal of long-term debt consumes the current financial  
resources of governmental funds. Neither transaction, however,  
has any effect on net assets. This amount is the net effect of  
these assets. This amount is the net effect of these differences  
in the treatment of long-term debt.

Debt incurred during current year	-	
Less: Principal repayment	<u>28,000</u>	28,000

Some expenses reported in the Statement of Activities  
do not require the use of current financial resources  
and, therefore, are not reported as expenditures in  
governmental funds –

Accrued interest – net		
Accrued long-term sick and vacation pay – net effect		503

(5,133)

Internal Service Fund (Equipment Fund) is used  
by the Village to charge equipment rental to  
individual funds. The net loss of this  
activity is reported with governmental  
activities.

(27,495)

Change in net assets in governmental activities	\$	<u>524,008</u>
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The notes to the financial statements are an integral part of this statement.

**VILLAGE OF CLINTON, MICHIGAN**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL**

**For the Year Ended March 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$ 602,000	\$ 602,000	\$ 611,160	\$ 9,160
Intergovernmental revenue	184,900	184,900	213,129	28,229
Licenses, fees and charges for services	126,200	126,200	150,416	24,216
Rentals	11,000	11,000	15,728	4,728
Interest	27,000	27,000	30,049	3,049
Other	<u>126,000</u>	<u>126,000</u>	<u>28,002</u>	<u>(97,998)</u>
Total revenues	<u>1,077,100</u>	<u>1,077,100</u>	<u>1,048,484</u>	<u>(28,616)</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
Council	13,010	13,010	10,929	2,081
Administration	78,380	78,380	84,610	(6,230)
Buildings and grounds	179,320	188,320	185,665	2,655
Planning Commission	7,470	12,470	12,315	155
Professional service	24,200	35,200	27,415	7,785
Insurance	<u>17,000</u>	<u>17,000</u>	<u>15,794</u>	<u>1,206</u>
Total General Government	<u>319,380</u>	<u>344,380</u>	<u>336,728</u>	<u>7,652</u>
<b>Public Safety:</b>				
Police Department	401,800	415,800	418,050	(2,250)
Building and zoning inspection	<u>18,050</u>	<u>18,050</u>	<u>17,633</u>	<u>417</u>
Total Public Safety	<u>419,850</u>	<u>433,850</u>	<u>435,683</u>	<u>(1,833)</u>
<b>Highways and Streets:</b>				
Street lighting	35,000	35,000	39,480	(4,480)
Sidewalk	<u>5,000</u>	<u>5,000</u>	<u>940</u>	<u>4,060</u>
Total Highways and Streets	<u>40,000</u>	<u>40,000</u>	<u>40,420</u>	<u>(420)</u>
<b>Sanitation:</b>				
Waste collection and disposal	<u>90,000</u>	<u>93,000</u>	<u>92,643</u>	<u>357</u>
<b>Culture – Recreation:</b>				
Parks	<u>225,650</u>	<u>225,650</u>	<u>196,960</u>	<u>28,690</u>
Total expenditures	<u>\$ 1,094,880</u>	<u>1,136,880</u>	<u>\$ 1,102,434</u>	<u>\$ 34,446</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF CLINTON, MICHIGAN

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL

For the Year Ended March 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess of revenues over Expenditures	\$ (17,780)	\$ (59,780)	\$ (53,950)	\$ 5,830
<b>Other financing sources (uses):</b>				
Transfers in	74,000	74,000	74,000	
Transfers out	<u>(62,220)</u>	<u>(62,220)</u>	<u>(61,000)</u>	<u>1,220</u>
Total other financing sources (uses)	<u>11,780</u>	<u>11,780</u>	<u>13,000</u>	<u>1,220</u>
Net change in fund balance	(6,000)	(48,000)	(40,950)	7,050
Fund balance – beginning of year			<u>599,580</u>	
Fund balance – end of year			<u>\$ 558,630</u>	

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF CLINTON, MICHIGAN**

**FIRE FUND      SPECIAL REVENUE FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL**

**For the Year Ended March 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Miscellaneous	\$ 100	\$ 100	\$ 11,026	\$ 10,926
Township contributions	207,820	207,820	210,132	2,312
Interest	<u>7,000</u>	<u>7,000</u>	<u>8,943</u>	<u>1,943</u>
<b>Total revenues</b>	<u>214,920</u>	<u>214,920</u>	<u>230,101</u>	<u>15,181</u>
<b>Expenditures:</b>				
Wages	84,000	86,000	95,711	(9,711)
Benefits	13,130	13,130	12,823	307
Supplies	20,500	20,500	22,026	(1,526)
Professional fees	700	700	485	215
Communications	6,500	6,500	4,868	1,632
Workshops	8,000	8,000	7,732	268
Gas and oil	3,500	3,500	4,818	(1,318)
Insurance	14,000	14,000	13,909	91
Utilities	8,000	8,000	8,504	(504)
Equipment maintenance	6,000	6,000	3,853	2,147
Truck maintenance	11,000	11,000	11,283	(283)
Building maintenance	19,000	19,000	1,255	17,745
Capital outlay	<u>12,000</u>	<u>12,000</u>	<u>43,329</u>	<u>(31,329)</u>
	<u>206,330</u>	<u>208,330</u>	<u>230,596</u>	<u>(22,266)</u>
Excess (deficiency) of revenues over (under) expenditures	8,590	6,590	(495)	(7,085)
Fund balance – beginning of year			<u>52,315</u>	
Fund balance – end of year			<u>\$ 51,820</u>	

# VILLAGE OF CLINTON, MICHIGAN

## STATEMENT OF NET ASSETS

### PROPRIETARY FUNDS

March 31, 2008  
With Comparative Totals for March 31, 2007

	<u>BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUNDS</u>					<u>GOVERNMENTAL ACTIVITIES</u>
	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total Proprietary Funds 2008</u>	<u>2007</u>	<u>Internal Service Fund</u>
<b>ASSETS:</b>						
<b>Current assets:</b>						
Cash and cash						
Equivalents	\$ 168,827	\$ 109,768	\$ 89,032	\$ 367,627	\$ 499,838	\$ 55,824
Investments	756,904	61,452	129,887	948,243	904,826	
<b>Receivables:</b>						
Accounts	271,566	9,953	55,331	336,450	371,376	
Due from State					69,078	
Accrued interest	5,492	1,135	1,672	8,299	10,215	217
Prepaid expenses and						
other assets	10,827	3,370	5,010	19,207	19,207	
Inventories	<u>52,551</u>			<u>52,551</u>	<u>49,109</u>	
Total current assets	<u>1,266,167</u>	<u>185,678</u>	<u>280,932</u>	<u>1,732,777</u>	<u>1,923,649</u>	<u>56,041</u>
<b>Noncurrent assets:</b>						
<b>Restricted assets:</b>						
Cash	<u>25,106</u>			<u>25,106</u>	<u>21,420</u>	<u>-</u>
Investment in joint venture	<u>1,528,555</u>	<u>-</u>	<u>-</u>	<u>1,528,555</u>	<u>1,137,810</u>	<u>-</u>
<b>Capital assets:</b>						
Land	17,495	3,000	10,149	30,644	30,644	
Buildings	490,113	73,714	5,839,909	6,403,736	6,403,736	
Utility systems	1,713,744	1,028,925	757,102	3,499,771	3,499,771	
Equipment/trucks	1,042,816	115,015	92,509	1,250,340	1,248,275	692,087
Less: Accumulated						
Depreciation	<u>(2,416,153)</u>	<u>(582,790)</u>	<u>(542,812)</u>	<u>(3,541,755)</u>	<u>(3,185,284)</u>	<u>(517,658)</u>
Total capital assets – net	<u>848,015</u>	<u>637,864</u>	<u>6,156,857</u>	<u>7,642,736</u>	<u>7,997,142</u>	<u>174,429</u>
Total, noncurrent assets	<u>2,401,676</u>	<u>637,864</u>	<u>6,156,857</u>	<u>9,196,397</u>	<u>9,156,372</u>	<u>174,429</u>
Total assets	<u>\$ 3,667,843</u>	<u>\$ 823,542</u>	<u>\$ 6,437,789</u>	<u>\$ 10,929,174</u>	<u>\$ 11,080,021</u>	<u>\$ 230,470</u>



**VILLAGE OF CLINTON, MICHIGAN**

**STATEMENT OF NET ASSETS**

**PROPRIETARY FUNDS**

**March 31, 2008**

**With Comparative Totals for March 31, 2007**

	<b><u>BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUNDS</u></b>					<b><u>GOVERNMENTAL ACTIVITIES</u></b>
	<b><u>Electric Fund</u></b>	<b><u>Water Fund</u></b>	<b><u>Sewer Fund</u></b>	<b><u>Total Proprietary Funds 2008</u></b>	<b><u>2007</u></b>	<b><u>Internal Service Fund</u></b>
<b>LIABILITIES:</b>						
<b>Current liabilities:</b>						
Accounts payable	\$ 6,136	\$ 1,369	\$ 3,072	\$ 10,577	\$ 102,620	\$ 4,910
Accrued expenses	13,602	1,336	2,521	17,459	15,583	3,492
Advance Payable to other funds		31,360	66,640	98,000	112,000	
SRF loan payable			175,000	175,000	175,000	
Total current liabilities	19,738	34,065	247,233	301,036	405,203	8,402
<b>Current liabilities payable from restricted assets:</b>						
Customer deposits	25,106			25,106	21,420	-
<b>Noncurrent liabilities:</b>						
Accrued leave	48,565	15,838	33,033	97,436	85,818	-
SRF loan payable			3,480,000	3,480,000	3,655,000	
Total liabilities	93,409	49,903	3,760,266	3,903,578	4,167,441	8,402
<b>Net assets:</b>						
Invested in capital assets, net of related debt	848,015	637,864	2,501,857	3,987,736	4,167,142	174,429
Restricted in joint venture	1,528,555			1,528,555	1,137,810	
Reserved for water treatment plant		111,220		111,220	95,091	
Unrestricted	1,197,864	24,555	175,666	1,398,085	1,512,537	47,639
Total net assets	\$ 3,574,434	\$ 773,639	\$ 2,677,523	\$ 7,025,596	\$ 6,912,580	\$ 222,068

# VILLAGE OF CLINTON, MICHIGAN

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

### PROPRIETARY FUNDS

For the Year Ended March 31, 2008  
With Comparative Totals for the Year Ended March 31, 2007

	BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUNDS					GOVERNMENTAL ACTIVITIES
	Electric Fund	Water Fund	Sewer Fund	Total Proprietary Funds 2008	Total Proprietary Funds 2007	Internal Service Fund
<b>Operating revenues:</b>						
Metered sales	\$ 2,568,927	\$ 148,053	\$ 539,567	\$ 3,256,547	\$ 3,367,689	\$
Penalties and service charges	33,527	21,423	40,346	95,296	74,061	
Miscellaneous	3,070	2,606	5,826	11,502	13,950	1,934
Rentals	6,264			6,264	4,323	96,848
Total operating revenues	<u>2,611,788</u>	<u>172,082</u>	<u>585,739</u>	<u>3,369,609</u>	<u>3,460,023</u>	<u>98,782</u>
<b>Operating expenses:</b>						
Light plant	71,897			71,897	78,730	
Purchased power	2,028,510			2,028,510	1,995,950	
Administrative	336,267	65,697	34,095	436,059	387,986	
Electric distribution system	343,161			343,161	299,197	
Water distribution		98,299		98,299	137,530	
Collection system			13,972	13,972	85,927	
Sewer treatment plant			271,315	271,315	275,217	
Depreciation	79,592	14,082	262,798	356,472	208,423	55,873
Professional services			29,981	29,981		
Equipment operation and maintenance					111,514	72,299
Total operating expenses	<u>2,859,427</u>	<u>178,078</u>	<u>612,161</u>	<u>3,649,666</u>	<u>3,580,474</u>	<u>128,172</u>
Operating income (loss)	<u>(247,639)</u>	<u>(5,996)</u>	<u>(26,422)</u>	<u>(280,057)</u>	<u>(120,451)</u>	<u>(29,390)</u>
<b>Nonoperating revenues (expenses):</b>						
Income from joint venture	390,745			390,745	148,277	
Interest income	45,433	8,351	15,825	69,609	67,421	1,895
Interest expense		(1,612)	(65,669)	(67,281)	(5,626)	
Total nonoperating revenues (expenses)	<u>436,178</u>	<u>6,739</u>	<u>(49,844)</u>	<u>393,073</u>	<u>210,072</u>	<u>1,895</u>
Income (loss) before transfers	188,539	743	(76,266)	113,016	89,621	(27,495)
Transfers in					44,923	
Change in net assets	188,539	743	(76,266)	113,016	134,544	(27,495)
Total net assets – beginning of year	<u>3,385,895</u>	<u>772,896</u>	<u>2,753,789</u>	<u>6,912,580</u>	<u>6,778,036</u>	<u>249,563</u>
Total net assets – end of year	<u>\$ 3,574,434</u>	<u>\$ 773,639</u>	<u>\$ 2,677,523</u>	<u>\$ 7,025,596</u>	<u>\$ 6,912,580</u>	<u>\$ 222,068</u>

**VILLAGE OF CLINTON, MICHIGAN**

**STATEMENT OF CASH FLOWS**

**PROPRIETARY FUNDS**

**For the Year Ended March 31, 2008**

**With Comparative Totals for the Year Ended March 31, 2007**

**DECREASE IN CASH AND CASH EQUIVALENTS**

	<u><b>BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUNDS</b></u>					<u><b>GOVERNMENTAL ACTIVITIES</b></u>
	<u><b>Electric Fund</b></u>	<u><b>Water Fund</b></u>	<u><b>Sewer Fund</b></u>	<u><b>Total Proprietary Funds 2008</b></u>	<u><b>2007</b></u>	<u><b>Internal Service Fund</b></u>
<b>Cash flows from operating activities:</b>						
Cash received from Customers	\$ 2,643,490	\$ 176,506	\$ 658,819	\$ 3,478,815	\$ 3,490,489	\$ 98,782
Cash paid to suppliers/ Employees	<u>(2,773,265)</u>	<u>(162,635)</u>	<u>(439,285)</u>	<u>(3,375,185)</u>	<u>(3,376,242)</u>	<u>(66,194)</u>
Net cash provided by (used in) operating Activities	<u>(129,775)</u>	<u>13,871</u>	<u>219,534</u>	<u>103,630</u>	<u>114,247</u>	<u>32,588</u>
<b>Cash flows from noncapital financing activities:</b>						
SRF Loan Proceeds(Payment)			(175,000)	(175,000)	649,128	
Transfer from Robison Trust Fund					44,923	
Payment on Advances		<u>(4,480)</u>	<u>(9,520)</u>	<u>(14,000)</u>	<u>(13,000)</u>	
Net cash provided by (used in) noncapital financing activities		<u>(4,480)</u>	<u>(184,520)</u>	<u>(189,000)</u>	<u>681,051</u>	
<b>Cash flows from investing activities:</b>						
Capital expenditures	(2,066)			(2,066)	(847,124)	(7,573)
Interest received	45,433	8,351	15,825	69,609	67,421	1,895
Interest expense		<u>(1,612)</u>	<u>(65,669)</u>	<u>(67,281)</u>	<u>(5,626)</u>	
Net cash used by in- vesting activities	<u>43,367</u>	<u>6,739</u>	<u>(49,844)</u>	<u>262</u>	<u>(785,329)</u>	<u>(5,678)</u>
Net decrease in cash and cash equivalents	(86,408)	16,130	(14,830)	(85,108)	9,969	26,910
Cash and cash equivalents – beginning of year	<u>1,037,245</u>	<u>155,090</u>	<u>233,749</u>	<u>1,426,084</u>	<u>1,416,115</u>	<u>28,914</u>
Cash and cash equivalent – end of year	<u>\$ 950,837</u>	<u>\$ 171,220</u>	<u>\$ 218,919</u>	<u>\$ 1,340,976</u>	<u>\$ 1,426,084</u>	<u>\$ 55,824</u>

Change in investment in joint venture (\$390,745) is a noncash transaction and does  
not effect cash flow in Electric Fund

VILLAGE OF CLINTON, MICHIGAN

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For Fiscal Year Ended March 31, 2008  
With Comparative Totals for the Year Ended March 31, 2007

RECONCILIATION OF OPERATING INCOME TO NET CASH  
PROVIDED BY (USED IN) OPERATING ACTIVITIES

	<u>BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUNDS</u>					<u>GOVERNMENTAL ACTIVITIES</u>
	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total Proprietary Funds 2008</u>	<u>2007</u>	<u>Internal Service Fund</u>
Operating income (loss)	\$ (247,639)	\$ (5,996)	\$ (26,422)	\$ (280,057)	\$ (120,451)	\$ (29,390)
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</b>						
Depreciation	79,592	14,082	262,798	356,472	208,423	55,873
(Increase) decrease in:						
Receivables	25,216	5,044	75,260	105,520	570,546	
Prepaid expenses					(1,025)	
Inventories	(3,442)			(3,442)	(16,745)	
Increase (decrease) in:						
Accrued expenses and other liabilities	2,529	(1,145)	(91,551)	(90,167)	(533,810)	6,105
Accrued leave	7,483	2,506	1,629	11,618	8,124	
Customer deposits	<u>6,486</u>	<u>(620)</u>	<u>(2,180)</u>	<u>3,686</u>	<u>(815)</u>	<u>          </u>
Net cash provided by (used in) operating activities	<u>\$ (129,775)</u>	<u>\$ 13,871</u>	<u>\$ 219,534</u>	<u>\$ 103,630</u>	<u>\$ 114,247</u>	<u>\$ 32,588</u>

**VILLAGE OF CLINTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2008**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Village of Clinton, Michigan (Village) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units

Effective April 1, 2004, the Village of Clinton, Michigan implemented the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Significant changes in the statement include the following:

- ◆ A Management’s Discussion and Analysis (MD&A) section providing an analysis of the Village’s overall financial position and results of operations has been included with the financial statements.
- ◆ Financial statements prepared using full accrual accounting for all of the Village’s activities.
- ◆ A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Village of Clinton, Michigan has elected to implement the general provisions of the statement.

**A. Reporting Entity**

The Village of Clinton is a Michigan Municipal Corporation governed by the Village Council. The accompanying financial statements present the government and its component unit, entities for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

**Discretely presented component unit.**

Downtown Development Authority (DDA) was created as a separate legal entity under Public Act 197 of 1975 of the State of Michigan. The purpose of the DDA is to plan and develop the downtown area of the Village and to attract new businesses and residents. The governing body of DDA is appointed by the Village Council for a fixed term. The Village approves the annual budget and any capital projects of DDA. Prior approval by the Village is needed on any taxation by DDA. And, the Village’s approval is needed for any borrowing done by DDA. The Downtown Development Authority is presented as a governmental fund type.

Separate financial statements for the component unit are not available.

**VILLAGE OF CLINTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2008**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the legally separate *component unit* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and permanent funds. Major individual governmental funds and major individual utility funds are reported as separate columns in the fund financial statements.

**C. Measurement focus, basis of accounting and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Amounts due from other governments and services provided associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**VILLAGE OF CLINTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2008**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**The government reports the following major governmental funds:**

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Capital Projects Fund* is used to account for the acquisition and construction of major capital projects other than those financed by proprietary funds or trust funds.

*Permanent Funds* -- The *Village of Clinton Robison Trust Fund* is a Nonexpendable Trust Fund in which the principal may not be expended. The *John f. Robison Tate Park Trust Fund* is a Trust Fund in which the resources, both principal and interest, may be expended. See Notes 8 and 9 for further details on these Trusts.

**The government reports the following major proprietary funds:**

The *Electric Fund* accounts for the activities of the Village's electric distribution operations.

The *Water Fund* accounts for the acquisition, operation, and maintenance of the Village's water system.

The *Sewer Fund* accounts for the acquisition, operation, and maintenance of the Village's sewer system.

**Additionally, the government reports the following fund types:**

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

*Special Revenue Funds* (Major Street, Local Street, Community Center Fund, Fire Fund, and Softball Program)) are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

The *Internal Service Fund* (Equipment Fund) is used to account for equipment acquisition, maintenance and operation, and provides equipment rental to other funds or departments of the Village.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities (utility and motor vehicle funds), subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments of utility charges between the Village's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various function concerned.

**VILLAGE OF CLINTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2008**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Amounts reported as *program revenues* included 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary Funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility funds are charges to customers for sales and services. Operating expenses for the funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**E. Assets, liabilities, and net assets or equity.**

**1. Cash and investments**

Cash includes amounts in cash on hand, demand deposits, except those deposits noted as investments (see below), as well as short-term investments with a maturity date within three months of the date acquired by the government.

Investments include money market and certificates of deposit where the intent is to hold funds long-term, as well as investments with maturity dates over three months of the date acquired by the government.

State statutes authorize the government to invest in Obligations of the U.S. Treasury, Federal Agencies, commercial paper, corporate bonds, repurchase agreements, and State approved Investment Pools.

Investments are stated at cost or amortized cost. The Village Council will use amortized cost only when it reflects fair value of the investment. Currently, no investments are stated at amortized cost.



**VILLAGE OF CLINTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2008**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. The Village had advances from the Village of Clinton Robison Trust to the Water and Sewer Funds.

Personal property taxes receivable is shown net of an allowance for uncollectibles.

Property taxes are levied as of July 1 on property values assessed as of the prior December 1. The billing is mailed on July 1 and is considered due upon receipt by the taxpayer; however, the actual due date is September 14. A lien on property occurs when property taxes are levied (July 1). On September 14, the bill becomes delinquent and penalties and interest may be assessed by the government.

The Village had a general tax millage of 8.80 for 2008. The Village's maximum allowable millage is 12.5 mills. It also levied 0.78 mills for the Smith-Kimball Community Center.

Also, the Village levies a tax on certain properties for the Downtown Development Authority.

Delinquent real property taxes are turned over to the County and reimbursed through a revolving fund. Therefore, property taxes receivable are not accounted for under the 60 day rule.

**3. Inventories and prepaid items**

All inventories are valued at cost using the first-in/first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**4. Capital Assets**

Capital assets, which include property, building, equipment, and infrastructure assets (e.g., road, storm sewers and utility systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as

**VILLAGE OF CLINTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2008**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, buildings, and equipment of the primary government, as well as the component unit, is depreciated using the straight line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Land improvements	30
Buildings	15 – 16
Machinery, equipment, and furnishings	10 – 20
Utility systems	20 – 60
Infrastructure	20 – 30

**5. Compensated absences**

The current portion of the liability for accumulated sick, personal, vacation, and compensated time vested is shown in the relative governmental funds. The total (current and long-term portions) are shown in the Proprietary Funds and in the government-wide statements.

**6. Long-term obligations**

In the governmental-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

In the fund financial statements, governmental fund types recognize any bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**VILLAGE OF CLINTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2008**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**7. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary information**

The accounting basis used by the Village for budgeting is in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Village follows the budgetary procedures outlined by the State of Michigan including public hearings and proper adoption. All funds of the Village have a budget. All annual appropriations lapse at fiscal year end. The budgets are amended during the year as needed.

**B. Excess of expenditures over appropriations in budgetary funds**

P.A. 621 of 1978, Section 18(1), as amended, of the State of Michigan provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on an activity basis. The approved budgets of the Village for these budgetary funds were adopted to the activity level.

During the year ended March 31, 2008, the Village incurred expenditures in the governmental funds which were in excess of the amounts appropriated, as follows:

<u>Fund</u>	<u>Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
<b>General Fund</b>			
Administration	\$ 78,380	\$ 84,610	\$ 6,230
Police	415,800	418,050	2,250
Street lighting	35,000	39,480	4,480
Fire	208,330	230,596	22,266

These additional expenditures were funded by greater than anticipated revenues.

**VILLAGE OF CLINTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2008**

**NOTE 3. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and investments**

The Village limits its exposure to interest rate risk keeping certificate of deposits at short term maturation, as noted below. However, in the managed accounts at United Bank and Trust 71% to 74% of the investments are fixed income securities, which are subject to interest rate risk.

The Village is subject to credit risk having a large portion of cash and investments which are uninsured.

The Village is also subject to custodial credit risk having 90% of investments with United Bank & Trust and 13% of investment with TLC Community Credit Union. All demand deposits are with Comerica Bank.

**Primary Government**

At year end, bank deposits amounted to \$1,391,933. Of this amount \$100,000 was covered by Federal Depository Insurance and \$1,291,933 was uninsured and uncollateralized. At certain times of the year, especially when property taxes are being collected, the Village's uncollateralized deposits increase significantly; as a result, the amounts of uncollateralized deposits at those times were higher. All deposits are with banks located in Michigan as required by statutes.

At year end, bank balances, net of checks written but not cleared, as recorded in the financial statements were \$1,005,301. Of that amount, \$101,753 was in cash and checking; and \$903,548 in the 'J Fund' account. Such accounts are authorized by statutes.

**Component Unit**

**Deposits.** The component unit had deposits with a carrying value and bank balance of \$149,875 at year end. This account is part of the J Fund with Comerica Bank.

**Primary Government**

The Village had investments with carrying value and bank balance of \$4,790,342 at year end of which \$254,799 is covered by Federal Depository Insurance. Investments consists of:

**VILLAGE OF CLINTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2008**

**NOTE 3. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and investments**

<u>Certificates of Deposit</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance</u> <u>March 31, 2008</u>
General Fund	9/25/10	4.91	\$ 122,905
General Fund	5/6/08	4.22	54,799
Electric Fund	9/25/10	4.91	307,263
Fire Fund	11/29/08	5.20	29,815
Sewer Fund	9/25/10	4.91	105,875
Water Fund	9/25/10	4.91	61,453
<u>Money Market</u>			
Electric Fund	-	2.24	223,115
Electric Fund	-	2.48	226,527
Sewer Fund	-	1.27	24,011
<u>Managed Accounts at United Bank &amp; Trust</u>		<u>Current Yield</u>	
Village of Clinton Robison Trust		3.79	1,785,808
John F. Robison Tate Park		3.87	<u>1,848,771</u>
			<u>\$ 4,790,342</u>

**VILLAGE OF CLINTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2008**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables**

Receivables as of year end for the government's individual major and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Major Streets</u>	<u>Local Streets</u>	<u>Community Center</u>
<b>Receivables:</b>				
Taxes	\$ 55,631	\$	\$	\$ 4,983
Accounts	8,707			
Intergovernmental		10,383	3,742	
Accrued interest	<u>2,737</u>	<u>347</u>	<u>          </u>	<u>411</u>
Gross receivables	67,075	10,730	3,742	5,394
Less: Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net total Receivables	<u>\$ 67,075</u>	<u>\$ 10,730</u>	<u>\$ 3,742</u>	<u>\$ 5,394</u>

**VILLAGE OF CLINTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2008**

<u>Fire Fund</u>	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Equipment Fund</u>	<u>Total</u>	<u>Component Unit – DDA</u>
\$	\$	\$	\$	\$	\$	\$
	271,566	9,953	55,331		60,614	695
					345,557	
					14,125	
<u>937</u>	<u>5,492</u>	<u>1,135</u>	<u>1,672</u>	<u>217</u>	<u>12,948</u>	<u>433</u>
937	277,058	11,088	57,003	217	433,244	1,128
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 937</u>	<u>\$ 277,058</u>	<u>\$ 11,088</u>	<u>\$ 57,003</u>	<u>\$ 217</u>	<u>\$ 433,244</u>	<u>\$ 1,128</u>

**VILLAGE OF CLINTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2008**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital assets**

Capital asset activity for the year ended March 31, 2008 was as follows:

**Primary Government**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 285,152	\$	\$	\$ 285,152
Construction in progress	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total capital assets, not being depreciated	<u>285,152</u>	<u>                    </u>	<u>                    </u>	<u>285,152</u>
Capital assets, being depreciated:				
Land improvements	569,864			569,864
Buildings	1,201,950	114,073		1,316,023
Equipment, machinery, and furnishings	1,673,430	31,420		1,704,850
Infrastructure	<u>4,071,393</u>	<u>141,776</u>	<u>                    </u>	<u>4,213,169</u>
Total capital assets, being depreciated	<u>7,516,637</u>	<u>287,269</u>	<u>-</u>	<u>7,803,906</u>
Less: Accumulated depreciation for:				
Land improvements	(222,003)	(18,995)		(240,998)
Buildings	(756,618)	(26,320)		(782,938)
Equipment, machinery, and furnishings	(1,126,789)	(83,671)		(1,210,460)
Infrastructure	<u>(2,733,338)</u>	<u>(134,753)</u>	<u>                    </u>	<u>(2,868,091)</u>
Total accumulated depreciation	<u>(4,838,748)</u>	<u>(263,739)</u>	<u>-</u>	<u>(5,102,487)</u>
Total capital assets, being depreciated, net	<u>(2,677,889)</u>	<u>23,530</u>	<u>-</u>	<u>2,701,419</u>
Governmental activities, capital assets – net	<u>\$ 2,963,041</u>	<u>\$ 23,530</u>	<u>\$ -</u>	<u>\$ 2,986,571</u>



**VILLAGE OF CLINTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2008**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 30,644	\$ -	\$ -	\$ 30,644
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, not being depreciated	<u>30,644</u>	<u>-</u>	<u>-</u>	<u>30,644</u>
Capital assets, being depreciated:				
Utility systems	<u>11,151,782</u>	<u>2,065</u>	<u>-</u>	<u>11,153,847</u>
Total capital assets, being depreciated	<u>11,151,782</u>	<u>2,065</u>	<u>-</u>	<u>11,153,847</u>
Less: Accumulated depreciation for:				
Utility systems	<u>(3,185,284)</u>	<u>(356,471)</u>	<u>-</u>	<u>(3,541,755)</u>
Total accumulated depreciation	<u>(3,185,284)</u>	<u>(356,471)</u>	<u>-</u>	<u>(3,541,755)</u>
Total capital assets, being depreciated – net	<u>7,966,498</u>	<u>(354,406)</u>	<u>-</u>	<u>7,612,092</u>
Business-type activities, capital assets – net	<u>\$ 7,997,142</u>	<u>\$ (354,406)</u>	<u>\$ -</u>	<u>\$ 7,642,736</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental activities:</b>	
General government	\$ 20,298
Public safety	43,996
Culture and recreation	41,142
Highways and streets	<u>158,303</u>
Total depreciation expense – governmental activities	<u>\$ 263,739</u>
<b>Business-type activities:</b>	
Utility systems	<u>\$ 356,471</u>
Total depreciation expense – business-type activities	<u>\$ 356,471</u>

**VILLAGE OF CLINTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2008**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**Discretely presented component unit:**

Capital asset activity for the Downtown Development Authority (DDA) for the year ended March 31, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Land improvements	\$ 456,815	\$	\$	\$ 456,815
Less: Accumulated depreciation for:				
Land improvements	(94,127)	(15,227)	—	(109,354)
DDA capital assets – net	<u>\$ 362,688</u>	<u>\$ (15,227)</u>	<u>\$ -</u>	<u>\$ 347,461</u>

**D. Interfund receivables, payables, and transfers**

**Primary Government**

Due to/from other funds:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
Local Street	\$ 2,377	General	\$ 2,377
Community Center	11,000	General	11,000
Major Street	192	Local Street	192
Total	<u>\$ 13,569</u>		<u>\$ 13,569</u>

**Advance to/from other funds:**

Village of Clinton		Water Fund	31,360
Robison Trust		Sewer Fund	66,640
	152,000	Community Center Fund	54,000
Total	<u>\$ 152,000</u>		<u>\$ 152,000</u>

Due to/from primary government and component unit:

<u>Receivable Entity</u>		<u>Payable Entity</u>	
Downtown Development Authority (Component Unit)	<u>\$ 2,963</u>	General Fund (Primary Government)	<u>\$ 2,963</u>

**VILLAGE OF CLINTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2008**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**Interfund transfers:**

Transfers out:	<u>Transfers In</u>				<u>Total</u>
	<u>General</u>	<u>Local Street</u>	<u>Debt Service</u>	<u>Community Center Fund</u>	
General	\$	\$ 50,000	\$	\$ 11,000	\$ 61,000
Major Street		23,000			23,000
Downtown Development Authority			33,840		33,840
Tate Park Trust	<u>74,000</u>				<u>74,000</u>
Total	<u>\$ 74,000</u>	<u>\$ 73,000</u>	<u>\$ 33,840</u>	<u>\$ 11,000</u>	<u>\$ 191,840</u>

**E. Long-term debt**

**Debt related to governmental activities**

The Village has a general obligation debt (2003 General Obligation Limited Bond issue) which funded capital improvements. The original bond issue was \$410,000 with an interest rate at 7% and final maturity at May 1, 2019. Outstanding balance at March 31, 2008 was \$345,000.

Also the Village has an installment purchase loan of \$95,000 to provide funds for the purchase property at 114 Jackson St., Clinton for future expansion of the Fire Department. This loan has an interest rate of 6.025% and final maturity is November 1, 2015. Outstanding balance at March 31, 2008 was \$79,000.

Annual debt service requirements to maturity for these debt obligations are as follows.

<u>Year Ending March 31,</u>	<u>Government Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 29,000	\$ 17,948
2010	34,000	17,346
2011	34,000	15,245
2012 – 2016	192,000	52,750
2017 – 2021	<u>135,000</u>	<u>12,139</u>
	<u>\$ 424,000</u>	<u>\$ 115,428</u>

**VILLAGE OF CLINTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2008**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Long term debt**

**Debt related to business-type activities**

The Village of Clinton has issued bonds (Village of Clinton Sewage Disposal System Revenue Bond, Series 2008) for the purpose of funding a new sewer plant. The amount of the issue is \$4,000,000 at an interest rate of 1.625%. Under a purchase contract, the Michigan Municipal Bond Authority has acquired all the bonds, and is paying the bond proceeds through the State Water Pollution Control Revolving Fund, commonly known as State Revolving Fund (SRF). Funds are disbursed from the State on a construction cost reimbursement basis. The outstanding debt balance at March 31, 2008 was \$3,655,000.

Annual Debt Service requirements to maturity are projected as follows:

**Business-type Activities**

<b><u>Year Ending March 31,</u></b>	<b><u>Principal</u></b>
2009	\$ 175,000
2010	175,000
2011	180,000
2012	180,000
2013	185,000
2014 - 2018	975,000
2019 - 2023	1,055,000
2024 - 2027	<u>730,000</u>
	<u>\$ 3,655,000</u>

**Debt related to Downtown Development Authority (Component Unit)**

The Downtown Development Authority (DDA) issued bonds (1994 Downtown Development Bonds) for capital improvements in the downtown area. The total issue was \$195,000 at an interest rate of 6.25% and final maturity is May 1, 2009. The outstanding balance at March 31, 2008 was \$60,000.

The DDA also has an installment purchase loan of \$100,000 for parking lot improvements. This loan is at 6.197% interest rate and final maturity is November 1, 2009. The outstanding balance at March 31, 2008 was \$34,000.

Annual debt service requirements on these debt obligations are as follows:

**Component Unit - DDA**

<b><u>Year Ending March 31</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2009	\$ 41,000	\$ 4,599
2010	<u>53,000</u>	<u>2,033</u>
	<u>\$ 94,000</u>	<u>\$ 6,632</u>

**VILLAGE OF CLINTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2008**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**E Long Term Debt**

The following is a summary of long-term debt transactions of the Village for the year ended March 31, 2008:

	<u>Governmental Activities</u>		<u>Business-Type Activity</u>	<u>Component Unit</u>		<u>Accrued Employee Benefits</u>	<u>Total</u>
	<u>Installment Purchase</u>	<u>Primary Government Bond Issue</u>	<u>Bond Issue</u>	<u>DDA Installment Purchase</u>	<u>DDA Bond Issue</u>		
Long-term debt at March 31, 2007	<u>\$ 87,000</u>	<u>\$ 365,000</u>	<u>\$3,830,000</u>	<u>\$ 45,000</u>	<u>\$ 85,000</u>	<u>\$ 167,359</u>	<u>\$4,579,359</u>
Loan Proceeds							
Principal payment	(8,000)	(20,000)	(175,000)		(25,000)		(228,000)
Decrease in accrued employee benefits						(12,925)	(12,925)
Long term note payable - United Bank & Trust				(11,000)			(11,000)
Long-term debt at March 31, 2008	<u>\$ 79,000</u>	<u>\$ 345,000</u>	<u>\$3,655,000</u>	<u>\$ 34,000</u>	<u>\$ 60,000</u>	<u>\$ 154,434</u>	<u>\$4,327,434</u>

**VILLAGE OF CLINTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2008**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Advance (loan) to other funds**

The Village of Clinton Robison Trust has loaned money to the Water Fund (\$40,000) and Sewer Fund (\$85,000). The promissory note with the Village states annual payments on principal will be made by November 1, and interest at 4.5% will be paid each May 1 and November 1. The final payment on the note is due January 15, 2014. Also the Trust has loaned \$60,000 to the Community Center at 4.6% interest and due May 1, 2012. Payments on this loan will also be paid May 1 and November 1.

Annual debt service requirements to maturity for this loan are as follows:

Year Ending <u>March 31,</u>	<u>Business-Type Activities</u>		<u>Governmental – Type Activity</u>			
	<u>Water Fund</u>		<u>Sewer Fund</u>		<u>Community Center</u>	
	<u>Principal</u>	<u>Interest</u>			<u>Principal</u>	<u>Interest</u>
2009	\$ 4,800	\$ 1,412	\$ 10,200	\$ 2,998	\$ 12,000	\$ 2,346
2010	4,800	1,196	10,200	2,540	12,000	1,794
2011	5,120	980	10,880	2,080	12,000	1,242
2012 – 2014	<u>16,640</u>	<u>1,512</u>	<u>35,360</u>	<u>3,214</u>	<u>18,000</u>	<u>828</u>
	<u>\$ 31,360</u>	<u>\$ 5,100</u>	<u>\$ 66,640</u>	<u>\$ 10,832</u>	<u>\$ 54,000</u>	<u>\$ 6,210</u>

**NOTE 4. PROPERTY LIABILITY, UNEMPLOYMENT, AND WORKMEN'S COMPENSATION  
INSURANCE COVERAGE**

The Village is a member of the Michigan Municipal League Property and Liability Pool for insuring its properties and for general liability.

The Village is a member of the Municipal Unemployment Compensation Group Account under the Michigan Municipal League for unemployment coverage.

Workers' Compensation coverage is under the Michigan Municipal League Workers' Compensation Fund.

Any contingent liabilities under these arrangements are not known.

**VILLAGE OF CLINTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2008**

**NOTE 5. OTHER INFORMATION**

**Retirement Plan**

**A. Plan Description**

The Village contributes to the Michigan Municipal Employees' Retirement System (MERS), an agent multi-employer defined benefit pension plan, which provides retirement benefits to all full-time employees of the Village. MERS is administered by its Board of Trustees. The actuary for the System is Gabriel, Roeder, Smith & Company. The Municipal Employees' Retirement Act of 1984, as amended by 1996 Public Act 220 of the State of Michigan, assigns the authority to establish and amend the benefit provisions of the plans that participate in MERS to the respective employer entities; for the Village of Clinton, that authority rests with the Village. The Municipal Employees' Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to Municipal Employees Retirement System of Michigan, 447 North Canal Road, Lansing, Michigan 48917.

**B. Funding Policy**

Employees make contributions under the plan. The Village is required to contribute the actuarially determined amount each year.

**C. Annual Pension Cost**

For the year ended March 31, 2008, the Village's required annual pension contribution was \$52,644. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included -

[a] 8.0% investment rate of return,

[b] projected salary increases of 4.5% per year compounded annually,

**VILLAGE OF CLINTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2008**

**NOTE 5. OTHER INFORMATION (Continued)**

The actuarial value of MERS' assets was determined using techniques that smooth the effects of short term volatility in the market value of investments over a five year period.

**Actuarial Accrued Liability (as of 12/31/06)**

Retirees and beneficiaries currently receiving benefits	\$ 372,742
Terminated employees not yet receiving benefits	172,741
Non-vested terminated employees (pending refunds of accumulated member contributions)	8,102
<b>Current employees –</b>	
Accumulated employee contributions including allocated investment income	173,557
Employer financed	<u>2,128,583</u>
<b>Total Actuarial Accrued Liability</b>	<b>2,855,725</b>
<b>Net Assets Available for Benefits at Actuarial Value</b>	<b><u>3,045,405</u></b>
(Market Value is \$3,088,007)	
<b>Unfunded (Overfunded) Actuarial Accrued Liability</b>	<b><u>\$ (189,680)</u></b>

**Three Year Trend Information**

<b><u>Fiscal Year Ending</u></b>	<b><u>Annual Pension Cost (APC)</u></b>	<b><u>Percentage of APC Contributed</u></b>	<b><u>Net Pension Obligation</u></b>
March 31, 2006	\$ 46,512	100%	0
March 31, 2007	50,988	100%	0
March 31, 2008	52,644	100%	0



**VILLAGE OF CLINTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2008**

**NOTE 5. OTHER INFORMATION (Continued)**

**SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets [a]</b>	<b>Actuarial Accrued Liability (AAL) Entry Age [b]</b>	<b>Unfunded AAL (UAAL) [b-a]</b>	<b>Funded Ratio [a/b]</b>	<b>Covered Payroll [c]</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
12/31/01	\$ 1,874,502	\$ 1,684,799	\$ (189,703)	111	\$ 621,918	-0-
12/31/02	1,976,140	1,836,659	(139,481)	108	698,097	-0-
12/31/03	2,200,887	2,280,159	79,272	97	727,524	11
12/31/04	2,444,704	2,491,190	46,486	98	751,753	6
12/31/05	2,701,214	2,717,445	16,231	99	802,735	2
13/31/06	3,045,405	2,855,725	(189,680)	107	835,228	-0-

**NOTE 6. DEFERRED COMPENSATION PLAN**

The Village provides its employees a Deferred Compensation Plan, created in accordance with the Internal Revenue Code Section 457, that is administered by the ITT Hartford Insurance Group. The Plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency.

Under the deferred compensation plan, all assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries.

**NOTE 7. JOINT VENTURE – MICHIGAN SOUTH CENTRAL POWER AGENCY**

The Village is a member municipality of the Michigan South Central Power Agency. The Michigan South Central Power Agency (the "Agency") is a public body politic and corporate of the State of Michigan organized on March 21, 1978, under the authority of Michigan Public Act 448 of 1976 (the "Act"), to supply electricity to member municipalities in South Central Michigan. The Act provides that the Agency will establish rates and charges so as to produce revenues sufficient to cover its costs (excluding depreciation and amortization expense) including debt service, but it may not operate its projects for profit, except insofar as any such profit will inure to the benefit of the public. Each member municipality appoints one member to the Board of the Agency. The member municipalities and their percentage shares are as follows:

**VILLAGE OF CLINTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2008**

**NOTE 7. JOINT VENTURE – MICHIGAN SOUTH CENTRAL POWER AGENCY (Continued)**

<u>Municipality</u>	<u>Percentage Share</u>
Clinton	6.5
Coldwater	40.0
Hillsdale	25.5
Marshall	24.0
Union City	<u>4.0</u>
	<u>100.0</u>

Each member is a municipal corporation, organized under the laws of the State of Michigan, which owns and operates a municipal electric system. The member municipalities presently supply their customers with power and energy generated from the Agency's Project I and from the municipalities' existing generating facilities and also with power purchased from other utility companies.

Each of the member municipalities entered into (a) a Power Sales Contract with the Agency for the supply of power and energy from the Agency, and (b) a Substation Agreement with the Agency for services provided by the Agency to the member municipality with respect to substation facilities; both of these agreements will remain in effect as long as the Power Supply System Revenue Refunding Bonds, 1994, 1992, 1991, and 1986 Series are outstanding. Each member municipality also entered into an Economic Dispatch Agreement with the Agency providing for the dispatch by the Agency of power and energy from certain existing generating facilities of the member municipalities on an economic basis. The Power Sales Contracts between the Agency and the member municipalities require the Agency to provide, and the member municipalities to purchase from the Agency, all of the members' bulk power supply, as defined in the contracts. Each member is obligated to pay its share of the Agency's operating and debt service costs of Project I. The Substation Agreements require the Agency to provide, and the municipalities to purchase, services of the municipalities' substation facilities for transmission, transformation, and delivery of electric power and energy from the Agency to the municipalities. Under the Economic Dispatch Agreement, the member municipalities are required to sell to the Agency power generated by their facilities, defined as dedicated capacity.

**VILLAGE OF CLINTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2008**

**NOTE 7. JOINT VENTURE – MICHIGAN SOUTH CENTRAL POWER AGENCY (Continued)**

Michigan South Central Power Agency's revenue bonds outstanding are as follows:

	<u>2007</u>	<u>June 30</u> <u>2006</u>
<b>1992 Series</b> – 3.50% to 5.90% Serial Bonds, maturing annually on November 1, 1997 to 2008	\$	\$ 7,485,000
<b>2000 Series</b> – 6.00% Serial Bonds, maturing annually on May 1, 2010 to 2012	6,000,000	6,000,000
<b>2002 Series</b> – 5.00% Serial Bonds, maturing annually on November 21, 2008 to 2011	31,190,000	31,190,000
<b>2003 Series</b> – 4.08% Bonds , maturing annually on November 1, 2004 to 2010	1,181,014	1,489,797
<b>2004 Series</b> – 3.375% Term bonds, due November 1, 2011	<u>9,200,000</u>	<u>9,200,000</u>
<b>Total outstanding debt</b>	<u><b>\$ 47,571,014</b></u>	<u><b>\$ 55,364,797</b></u>

These are revenue bonds secured by pledges of revenues earned, as well as assets in funds established by bond resolution

A summary of financial information on Michigan South Central Power Agency at June 30, 2007 and 2006 follows:

	<u>2007</u>	<u>2006</u>
Total assets	\$ 74,707,008	\$ 76,241,628
Total liabilities	51,190,783	58,736,861
Net assets	23,516,225	17,504,767
Operating revenues	42,858,324	44,961,391
Operating expenses	35,532,861	37,275,616
Income from operations	7,325,463	7,685,775
Investment and miscellaneous income	1,280,160	1,271,640
Interest and amortization expense	(2,860,532)	(3,830,787)
Other expense		
Realized and Unrealized Gain (Loss) on investments	266,367	(476,090)
Cumulative effect of change in accounting principles		(2,369,352)
Change in net assets	6,011,458	2,281,186

**VILLAGE OF CLINTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2008**

**NOTE 8. VILLAGE OF CLINTON – ROBISON TRUST**

The Village has created a trust funded by unrestricted gifts from the Estate of John F. Robison (\$1,937,808). It is the intent of the Village that all gifts to this trust will be held as endowments with the principal invested permanently and the investment income to be used for the benefit of the Village of Clinton.

**NOTE 9. JOHN R. ROBISON TATE PARK TRUST**

This trust has been created by the Village to provide a legal entity for handling the restricted gifts from the Estate of John F. Robison (\$1,848,771). The donor has restricted the use of these gifts to the operation, improvement, and maintenance of Tate Park. Both principal and investment income can be used for the restricted purposes.

VILLAGE OF CLINTON, MICHIGAN

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

March 31, 2008  
With Comparative Totals for March 31, 2008

	Debt Service	Major Street Fund	Local Street Fund	Community Center Fund	Softball Program	Total Nonmajor Governmental Funds 2008	2007
<b>ASSETS</b>							
Cash and cash equivalents	\$ 163	\$ 106,076	\$ 2,981	\$ 38,007	\$ 2,648	\$ 149,875	\$ 206,979
Receivables (net of allowance allowance for uncollectibles):							
Property taxes				4,983		4,983	2,872
Due from other governmental units		10,383	3,742			14,125	13,533
Accrued interest		347		411		758	758
Due from other funds		192	2,377	11,000		13,569	2,569
Prepaid expenses and other assets		125	126	1,762		2,013	2,014
Total assets	\$ 163	\$ 117,123	\$ 9,226	\$ 56,163	\$ 2,648	\$ 185,323	\$ 228,725

LIABILITIES

Accounts payable	\$ 211	\$ 24	\$ 940	\$ 1,175	\$ 1,286
Accrued expenses	839	712	526	2,077	1,707
Due to other funds		192		192	192
Advance from other funds			54,000	54,000	
Total liabilities	\$ 1,050	\$ 928	\$ 55,466	\$ 57,444	\$ 3,185

FUND BALANCES

<b>Reserved for:</b>					
Debt Service	\$ 163	\$	\$	\$ 163	\$ 161
Unreserved, undesignated		116,073	8,298	697	127,716
Total fund balance	163	116,073	8,298	697	127,879
Total liabilities and fund balances	\$ 163	\$ 117,123	\$ 9,226	\$ 56,163	\$ 185,323
					\$ 228,725

VILLAGE OF CLINTON, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended March 31, 2008  
With Comparative Totals for the Year Ended March 31, 2007

	Debt Service	Major Street Fund	Local Street Fund	Community Center Fund	Softball Program	Nonmajor Governmental Funds 2008	Total Nonmajor Governmental Funds 2007
<b>Revenues:</b>							
Property taxes	\$	\$	\$	\$ 54,220	\$	\$ 54,220	\$ 51,901
<b>Intergovernmental revenues:</b>							
State gas weight tax		103,091	37,160			140,251	141,121
County revenue sharing		5,194				5,194	
Interest		5,194	149	2,424		7,767	10,112
<b>Licenses, fees and charges for services:</b>							
Fee revenue					7,636	7,636	3,940
Rentals				6,065		6,065	8,015
Miscellaneous		73				73	441
<b>Total revenues</b>	<b>\$ -</b>	<b>\$ 113,552</b>	<b>\$ 37,309</b>	<b>\$ 62,709</b>	<b>\$ 7,636</b>	<b>\$ 221,206</b>	<b>\$ 215,530</b>
<b>Expenditures:</b>							
Highways and streets		97,988	121,235			219,223	176,978
<b>Debt service:</b>							
Principal	20,000					20,000	15,000
Interest	13,838					13,838	14,390
<b>Culture and recreation:</b>							
Softball program				155,437	5,209	5,209	5,220
Community Center						155,437	51,772
<b>Total expenditures</b>	<b>\$ 33,838</b>	<b>\$ 97,988</b>	<b>\$ 121,235</b>	<b>\$ 155,437</b>	<b>\$ 5,209</b>	<b>\$ 413,707</b>	<b>\$ 263,360</b>

	<u>Debt Service</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Community Center Fund</u>	<u>Softball Program</u>	<u>Total Nonmajor Governmental Funds 2008</u>	<u>2007</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(33,838)</u>	<u>15,564</u>	<u>(83,926)</u>	<u>(92,728)</u>	<u>2,427</u>	<u>(192,501)</u>	<u>(47,830)</u>
<b>Other financing sources (uses):</b>							
Transfers in	<u>33,840</u>	<u>(23,000)</u>	<u>73,000</u>	<u>11,000</u>		<u>117,840</u>	<u>74,400</u>
Transfers out						<u>(23,000)</u>	<u>(15,000)</u>
Total other financing sources (uses)	<u>33,840</u>	<u>(23,000)</u>	<u>73,000</u>	<u>11,000</u>	<u>-</u>	<u>94,840</u>	<u>59,400</u>
Net change in fund balances	<u>2</u>	<u>(7,436)</u>	<u>(10,926)</u>	<u>(81,728)</u>	<u>2,427</u>	<u>(97,661)</u>	<u>11,570</u>
Fund balances – beginning of year	<u>161</u>	<u>123,509</u>	<u>19,224</u>	<u>82,425</u>	<u>221</u>	<u>225,540</u>	<u>213,970</u>
Fund balances – end of year	<u>\$ 163</u>	<u>\$ 116,073</u>	<u>\$ 8,298</u>	<u>\$ 697</u>	<u>\$ 2,648</u>	<u>\$ 127,879</u>	<u>\$ 225,540</u>

VILLAGE OF CLINTON, MICHIGAN

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL

For the Year Ended March 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Interest	\$ _____	\$ _____	\$ _____	\$ _____
Total revenues	_____	_____	-	_____
<b>Expenditures:</b>				
<b>Debt Service:</b>				
Principal	20,000	20,000	20,000	--
Interest	<u>13,840</u>	<u>13,840</u>	<u>13,838</u>	<u>2</u>
Total expenditures	<u>33,840</u>	<u>33,840</u>	<u>33,838</u>	<u>2</u>
Deficiency of revenues under expenditures	(33,840)	33,840	(33,838)	2
<b>Other financing sources:</b>				
Transfers in	<u>33,840</u>	<u>33,840</u>	<u>33,840</u>	<u>--</u>
Net change in fund balance	-	-	2	2
Fund balance – beginning of year			<u>161</u>	
Fund balance – end of year			<u>\$ 163</u>	



**VILLAGE OF CLINTON, MICHIGAN**

**MAJOR STREET SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL**

**For the Year Ended March 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
<b>Intergovernmental:</b>				
State gas weight tax	\$ 95,000	\$ 95,000	\$ 103,091	\$ 8,091
County revenue sharing	1,000	1,000	5,194	4,194
Interest	5,000	5,000	5,194	194
Miscellaneous			73	73
Total revenues	<u>101,000</u>	<u>101,000</u>	<u>113,552</u>	<u>12,552</u>
<b>Expenditures:</b>				
Routine maintenance	65,640	65,640	39,346	26,294
Traffic service	6,660	6,660	6,436	224
Winter maintenance	10,730	14,730	13,865	865
Administrative	12,970	14,970	14,235	735
Construction projects	<u>35,000</u>	<u>35,000</u>	<u>24,106</u>	<u>10,894</u>
Total expenditures	<u>131,000</u>	<u>137,000</u>	<u>97,988</u>	<u>39,012</u>
Excess (deficiency) of revenues over (under) expenditures	(30,000)	(36,000)	15,564	51,564
<b>Other financing uses:</b>				
Transfers out		(23,000)	(23,000)	
Transfers in				
Net change in fund balance	(30,000)	(59,000)	(7,436)	51,564
Fund balance – beginning of year			<u>123,509</u>	
Fund balance – end of year			<u>\$ 116,073</u>	

**VILLAGE OF CLINTON, MICHIGAN**

**LOCAL STREET SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL**

**For the Year Ended March 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
<b>Intergovernmental:</b>				
State gas weight tax	\$ 35,000	\$ 35,000	\$ 37,160	\$ 2,160
Interest	<u>500</u>	<u>500</u>	<u>149</u>	<u>(351)</u>
Total revenues	<u>35,500</u>	<u>35,500</u>	<u>37,309</u>	<u>1,809</u>
<b>Expenditures:</b>				
Construction projects		12,200	12,127	73
Routine maintenance	68,690	78,690	77,976	714
Traffic service	5,030	5,030	4,214	816
Winter maintenance	11,030	13,030	12,683	347
Administrative	<u>12,970</u>	<u>14,970</u>	<u>14,235</u>	<u>735</u>
Total expenditures	<u>97,720</u>	<u>123,920</u>	<u>121,235</u>	<u>2,685</u>
Excess (deficiency) of revenues over (under) expenditures	(62,220)	(88,420)	(83,926)	4,494
<b>Other financing sources:</b>				
Transfers in	<u>62,220</u>	<u>88,420</u>	<u>73,000</u>	<u>(15,420)</u>
Net change in fund balance	-	-	(10,926)	(10,926)
Fund balance -- beginning of year			<u>19,224</u>	
Fund balance -- end of year			<u>8,298</u>	

**VILLAGE OF CLINTON, MICHIGAN**

**COMMUNITY CENTER FUND    SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL**

**For the Year Ended March 31, 2008**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>Revenues:</b>				
Property taxes	\$ 55,700	\$ 55,700	\$ 54,220	\$ (1,480)
Miscellaneous	50	50		(50)
Rentals	6,800	6,800	6,065	(735)
Interest	<u>3,500</u>	<u>3,500</u>	<u>2,424</u>	<u>(1,076)</u>
Total revenues	66,050	66,050	62,709	(3,341)
<b>Expenditures:</b>				
Community Center expenses	<u>81,730</u>	<u>162,730</u>	<u>155,437</u>	<u>7,293</u>
Excess (deficiency) of revenues over (under) expenditures	(15,680)	(96,680)	(92,728)	3,952
<b>Other financing sources:</b>				
Transfers in	<u>          </u>	<u>81,000</u>	<u>11,000</u>	<u>(70,000)</u>
Net change in fund balance	-	(15,680)	(81,728)	(66,048)
Fund balance – beginning of year			<u>82,425</u>	
Fund balance – end of year			<u>\$ 697</u>	

**VILLAGE OF CLINTON, MICHIGAN**

**SOFTBALL PROGRAM    SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL**

**For the Year Ended March 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fee revenue	\$ 6,500	\$ 6,500	\$ 7,636	\$ 1,136
Total revenues	6,500	6,500	7,636	1,136
<b>Expenditures:</b>				
Softball program expenses	<u>6,500</u>	<u>6,500</u>	<u>5,209</u>	<u>1,291</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	2,427	2,427
Fund balance – beginning of year			<u>221</u>	
Fund balance – end of year			<u>\$ 2,648</u>	

ROBERTSON  
EATON  
&  
OWEN  
P.C.

June 20, 2008

To the Board of Trustees  
Lodi Township  
Washtenaw County, Michigan

We appreciate the opportunity to conduct your audit this year. We are writing to you as we complete the audit to communicate any control deficiencies we identified during the audit and whether these deficiencies (if any) are determined to be significant deficiencies or material weaknesses.

In planning and performing our audit of the financial statements of the Lodi Township, Michigan, for period ending March 31, 2008; we applied generally accepted auditing standards (GAAS) as we considered your internal control over financial reporting as a basis for designing our auditing procedures. We did this for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of your internal controls. Accordingly, as a part of your audit, we are not expressing an opinion on the effectiveness of your internal control.

Our consideration of internal control was for the limited purpose of conducting your organization's audit and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. It is important to note that control deficiencies are not necessarily problems you will choose to address, however, they do represent potential risks. Our job as your auditors is to ensure that you understand where you have these deficiencies or weaknesses so that you can make informed business decisions on how best to respond to these risks.

Significant Deficiencies

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects your entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of your financial statements that is more than inconsequential will not be prevented or detected by your internal control. During our audit we found one significant deficiency in internal control.

Materials Weaknesses

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by your internal control. During our audit we found no material weaknesses.

Finding considered a significant deficiency

Criteria:

Effective for the year ended March 31, 2008, Statement on Auditing Standards #112 titled *Communicating Internal Control Related Matters Identified in an Audit* (issued May 2006), requires us to communicate in writing when a client requires assistance to prepare the footnotes required in the annual audit report in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees  
Lodi Township  
Washtenaw County, Michigan

Condition

Currently, the Township staff prepares the interim financial reports and assists the external auditor in the preparation of the annual audit report.

Cause

The staff of the Township does understand all information included in the annual financial statements; however, assistance of the external auditor was utilized in preparing the footnotes to the financial statements.

Effect

Utilization of the external auditor in preparing the footnotes to the financial statements assists management with the external financial reporting responsibility, to ensure their financial statements are accurate.

Recommendation

At this time, we recommend no changes to this situation and communicate this as required by professional standards. The current process meets the definition of a significant deficiency as defined in Statement on Auditing Standards #112.

Client Response

We are aware of this deficiency and believe it is not cost beneficial in our situation to develop this expertise. We will continue to use our external auditors for this technical assistance. We would expect this situation to be ongoing in future years.

***Robertson, Eaton & Owen P.C.***  
June 20, 2008